

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF EAST KENTUCKY POWER)
COOPERATIVE, INC. OF A REVISION TO) CASE NO. 10369
ITS WHOLESALE ELECTRIC POWER TARIFF)

O R D E R

IT IS ORDERED that East Kentucky Power Cooperative, Inc. ("EKPC"), shall file an original and 12 copies of the following information with this Commission, with a copy to all parties of record. Include with each response the name of the witness who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure that it is legible. The information requested herein is due no later than November 30, 1988. If the information cannot be provided by this date, you should submit a motion for an extension of time stating the reason a delay is necessary and include a date by which it will be furnished. Such motion will be considered by the Commission.

1. Explain why EKPC desires to attract industrial and large power customers with load factors lower than 60 percent.

2. Explain how the replacement of the ratchet provision with an excess demand premium in Schedule B will attract customers with lower load factors.

3. What are the benefits to EKPC's system of attracting low load factor customers? Explain EKPC's system objective of

attracting low-load factor load. When this objective is achieved, does EKPC plan to withdraw or modify its tariff Schedules A, B, or C? Explain.

4. Has EKPC conducted any study comparing the industrial rates of its member cooperatives with those of other utilities around the nation? If yes, provide copies of this analysis. If no, why did EKPC not conduct such a study prior to the filing of its application in this case?

5. Referring to Exhibit C of the Notice of Revision:

a. Provide all workpapers used in the compilation of this Exhibit.

b. Explain why the lesser of the revenue generated from Schedule A and that from Schedule C is used to calculate the revenue effect of Schedule B. What would have been the results of this analysis if the greater of these two amounts had been used?

c. Explain why revenue from Schedule C was omitted when it exceeded the revenue from Schedule A.

d. Provide actual 1987 and 1988 monthly revenues for the customers shown on this exhibit. Additionally, state the rate schedule under which each customer was served during this same period.

e. What assumptions were made in the determination of the revenues to be generated by these customers under the Rate Schedules A, B, and C shown in this Exhibit?

f. Are these the only customers in EKPC's service area currently eligible for Schedule B? Provide an explanation of how EKPC identified these potential customers currently on the system.

g. What is the projected impact of new customer load served under Schedule B on the revenue of EKPC?

h. Besides AP Technoglass in Nolin Rural Electric Cooperative Corporation's ("Nolin RECC") service area, what other new or potential industrial or large power customers in EKPC's service area have expressed interest in or are being considered for Schedule B? What is the total potential load of these customers?

6. Is EKPC proposing Schedule B as an Economic Development Rate ("EDR")? If so, is EKPC planning to file a tariff specifically stating the terms and conditions of the EDR as required of all utilities pursuant to the Commission's Order in Case No. 10064, General Adjustment in Gas and Electric Rates of Louisville Gas and Electric Company, dated July 1, 1988? Is EKPC also planning to recover all customer-specific fixed costs associated with adding an EDR customer either up front or as a part of the minimum bill over the life of the contract?

7. What terms have been established for the recovery of the entire \$400,000 in facilities provided by EKPC to AP Technoglass, as mentioned on page 10 of the Industrial Power Agreement between Nolin RECC and AP Technoglass?

8. What terms have been established for the recovery of an additional \$200,000 in facilities at such time as AP Technoglass's demand exceeds 10,000 KW, also mentioned on page 10 of the Industrial Power Agreement?

9. Has EKPC prepared and used a cost-of-service study in designing tariff Schedule B? Are the rates cost based? Provide a copy of EKPC's most recent cost-of-service study.

10. What will be the potential revenue impact on each of EKPC's member-distribution coops if the Commission approves Schedule B? If a revenue deficiency results, does EKPC intend to absorb the deficiency?

11. In Exhibit E, Item 1, has EKPC considered the impact of Schedule B in their demand forecast? If so, what will be the impact of Schedule B on the demand forecast?

12. As a result of tariff Schedule B, will EKPC meet its current system reliability planning requirements during the period 1989-1994? Explain.

13. Would AP Technoglass have located in EKPC's service territory without Schedule B?

14. On Exhibit B, page 5 of 10, the Marketing Rate paragraph does not include the modifications ordered in the Commission's Order dated September 8, 1988 in Case No. 10281, The Notice of East Kentucky Power Cooperative, Inc. of a Revision to Its Wholesale Electric Power Tariff to Implement a Wholesale Power Marketing Rate for Special Retail Applications. Does EKPC plan to include the required language in its tariff?

15. On Exhibit E, Item 2, an energy cost of 1.722 cents is shown. Fully explain this cost and its determination. Is this EKPC's only variable cost of serving AP Technoglass?

Done at Frankfort, Kentucky, this 14th day of November, 1988.

PUBLIC SERVICE COMMISSION

Richard D. Henne
For the Commission

ATTEST:

Executive Director